

## Alcohol Related Services Act 2009

### FACT SHEET

#### THIS BILL

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The ARS Act, AB 1019, establishes the Alcohol-Related Services Program (ARS Program) within the Department of Drug and Alcohol Programs.

The ARS Act shows findings of over \$38 billion annually in harm caused by alcohol and the nexus between the ARS Program and the alcohol stream of commerce. A mitigation fee – not a tax – is assessed on spirits, wine and beer. The fee is approximately 10 cents a drink for a can of beer, a glass of wine, or a shot of liquor. Out of over \$8 billion in alcohol costs to California government, this *charge for harm* will generate \$1.4 billion as mitigation for alcohol-related services.

The ARS Program consists of five equally funded ***alcohol-related component services*** to mitigate the harm of alcohol use for:

- 1) Treatment and Recovery
- 2) Prevention, Education and Research
- 3) Emergency Room and Trauma
- 4) Hospitalization
- 5) Criminal Justice and Enforcement

The Department of Alcohol and Drug Programs will hold public hearings and create guidelines for component services through grants or contracts within four months of enactment. New or existing programs will be funded. For instance, the ADP might create a \$288 million annual program for hospitals to be reimbursed for uncompensated care to indigents for alcohol-related emergency room admissions. Many treatment and recovery programs will at last be fully funded.

Criteria of need, effectiveness and best practices will be used by ADP as guidance in creating service components.

The California Board of Equalization will assess and collect a mitigation fee for beer, wine and spirits from licensed ***wholesale*** alcohol beverage companies doing business in the State. Fees from the Alcohol-Related Services Program Fund would be available exclusively for the use of the ARS Program, after ADP and BOE administrative costs. Fees will be adjusted annually for inflation; interest accrues to the fund; and programs will be funded on two-year cycles independently from legislative appropriations.

The ARS Act creates a fee program under the police powers of the state, and is clearly not an alcohol tax or a special tax under Proposition 13. Therefore, only a majority vote of both houses is required, with the Governor's signature.

#### BACKGROUND

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California greatly lags in mitigating the costs of alcohol, especially in comparison to the reforms governing the sales of tobacco. Most of the fees set by ARS will be shouldered by the heaviest users of alcohol, who also have the highest impact on social services offered by state/county agencies, as well, foreign corporations like Anheuser-Busch InBev, SAB Miller and Diageo, who may decide to absorb some of this fee instead of passing those costs along to their consumers.

California's taxpayers, including the one-third who does not imbibe, are paying billions for alcohol's negative impacts on society. The last time any fee or tax on alcohol was adjusted occurred in

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1991. To keep pace with inflation it would need to be increased at least 55 percent.

Increases in alcohol prices, inversely affect under-age consumption by reducing the frequency and quantity of drinking. In addition, numerous studies underscore the other benefits of reduced drinking. A ten-cent per drink fee would, for example, reduce gonorrhea rates by 8.9 percent and syphilis rates by 32.7 percent.

#### PROBLEM

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Alcohol use drains California of approximately \$38 billion annually in increased health care costs, higher crime rates, lost productivity, environmental damage, and injuries from alcohol-related accidents and abuse. In fact, the number one cause of death among teenagers is car crashes involving alcohol. The average alcohol related fatality in California costs \$3.8 million. These vehicle accidents account for 20 percent of Californians' auto insurance premiums.

According to research conducted by the U.S. Centers for Disease Control and Prevention, beer is the most commonly consumed beverage by binge drinkers: sixty-seven percent of binge drinkers are underage. Under-age drinkers' account for 17.5 percent of all beer consumed annually; spending \$22.5 billion every year.

One dire example of the consequences of this abuse is 97,000 college age women raped or sexually assaulted each year through alcohol-related circumstances. Half of all rape victims were intoxicated and half of their attackers were intoxicated at time of their attacks. Another 100,000 college age women were too intoxicated to know if they consented to have sex. Many studies have also found that alcohol negatively affects society in the following ways:

- The use of alcohol and other drugs is closely associated with mental illness and contributes enormously to its cost
- Beer accounts for two-thirds (67 percent) of all binge drinks consumed.
- Beer accounts for most of the alcohol consumed by those at highest risk of causing or incurring alcohol-related harm.
- The U.S Surgeon General identified college binge drinking as a major public health problem.
- 31% of college students met criteria for diagnosis of alcohol abuse in the past 12 months.
- One in five youth ages 12-20 binge drinks.
- More than 90 percent of the alcohol consumed by 12-20-year-olds is when they are binge drinking.
- Each day, more than 5,400 children under the age of 16 take their first drink.
- 2,250 youth tried to commit suicide in the past year due to drinking or drug use.
- 30% of prison inmates were drinking at the time of their arrests.
- Our prisons are overflowing with inmates for offenses where alcohol or drugs played a significant role.
- Alcohol use during pregnancy causes approximately 5,000 children to be born in California each year with alcohol-related birth defects; and other drug use during pregnancy, especially cocaine, affects thousands of babies born each year.
- The cost of services for one person born with fetal alcohol syndrome is over 2 million per year.
- The tax on a pint of beer in England is thirteen cents more than the tax on a gallon of beer in California

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**STATUS/VOTES**

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Scheduled for consideration by Assembly Health Committee on April 21, 2009.

**SUPPORT**

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Marin Institute-Sponsor  
Drug Policy Alliance  
California Council on Alcohol Problems  
California Council on Alcohol Policy  
Alcopops & Youth Coalition

**OPPOSITION**

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Wine Institute  
California Independent Grocers Association  
Long Beach Area Chamber of Commerce

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